Brick-and-Mortar Stores Are Here to Stay
Preferred Shopping Format Entices Consumers

Key Takeaways

- Most consumers make a majority of their purchases in stores, a behavior shared by all ages.
- Brick-and-mortar retailers are satisfying consumer preferences—successful integration of technology is a leading reason.
- Two-thirds of consumers say it is important to them that retailers have both physical stores and an online presence.
- One-quarter of shoppers will decrease their online expenditures from a retailer that closes a store near them.

An industry that captures 90% of retail sales and where nearly all shoppers make purchases is NOT characteristic of one facing a media-hyped “apocalypse.” A recent ICSC survey conducted by ORC International between February 15 and 18, 2018 shows consumers value physical locations and are encouraged by the transformations they see as retail real estate is reimagined.

Satisfied Consumers Make Most Purchases in Stores

Results from the survey of a nationally representative sample of 1,000 U.S. adults found that three-fifths (60%) of them make a majority of their purchases in stores and say that behavior will not change anytime soon. Consumers are drawn to stores because they can collect items immediately and prefer to see, touch, and try on merchandise before making a purchase—distinct advantages of physical retail, neither of which can be replicated online.

Previous surveys have confirmed this propensity for in-store shopping—nearly within the apparel, electronics and beauty aids/cosmetics categories. When asked where they make purchases, only 1% of shoppers say online only for each category. Everyone else says either in stores only or both stores and online.

In-store shopping dominates among all generations; roughly two-thirds (65%) of Baby Boomers and three-fifths (60%) each of millennials and Generation X say most of their purchases are made in person.

The fact that many consumers are making the majority of their purchases in stores is related to their level of satisfaction. Half (50%) of them say traditional brick-and-mortar retailers are doing a good job adjusting to new shopping preferences. Additionally, as more people incorporate technology into their daily lives, two-thirds (65%) of adults say traditional retailers are doing a good job including technology in the shopping experience. There is also the community aspect—three-quarters (76%) of consumers say a good mix of physical retail increases neighborhood vibrancy and patronizing them is key to their success.

Well Integrated Platforms Stimulate Spending

Though physical stores remain the key component of retail selling strategies, they are no longer the only option for consumers. E-commerce has had a significant impact on consumer expectations in terms of convenience and selection, and traditional retailers are adjusting to ensure they offer shoppers a seamless, differentiated experience. Two-thirds (67%) of respondents say that retailers providing all-around exceptional experiences entice them to buy more in their stores. (See Chart 1.) Roughly the same share (66%) claim it is important for retailers to have both brick-and-mortar stores as well as an online presence because they are not shopping from just one channel, but increasingly use multiple, often interconnected platforms.

Physical Stores Have Value Even Among Online Shoppers

There is also the “halo effect” of physical stores, or how a location heightens brand awareness even among those who shop online. Proof of this comes from about one-quarter (26%) of consumers who say their online spending from a retailer will decrease if that company closes a store near them. They note the following as the main reasons for spending less:

- Feeling less comfortable when buying online because it may be more challenging to easily get customer service or make returns, if needed;
- Fear that a store closing means the entire company is not doing well and will go out of business;
- Without stores, the retailer is no longer top of mind; and,
- The “click-and-collect” option is no longer available.

Conclusion

Sure, some traditional retailers are struggling, but to focus solely on their situations and use them to represent all brick-and-mortar retailing is a blatant misrepresentation and ignores the positive changes being made. Physical stores are the foundation of the shopping journey and that will continue going forward.

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